Consumer Confidence Survey

- *Business*
- *Employment*
- *Income*
- *Inflation*
- *Interest Rates*
- *Stock Prices*

December 1987

CONFIDENCE DOWN, BUT STILL REASSURING

Although the consumer's initial response to the Wall Street crash was relatively moderate, by mid-November the Confidence Index had registered a fairly substantial loss. In early October, prior to the stock market crisis, the Index (1985 = 100) was at 117, but in the poll taken in the first two weeks of November, the reading had dropped to 96.3.

On all issues included in the survey, respondents were less optimistic than a month earlier. Biggest losses, as expected, were reported on questions concerning the future. In the latest poll, more people expect business conditions to worsen over the next six months—12.5%, up from only 8.1% before the big fall. On the issue of employment prospects, some 20% now fear that there will be fewer jobs, up from 14% earlier. Finally, more people are now concerned that their incomes will decline—9%, up from 7% earlier.

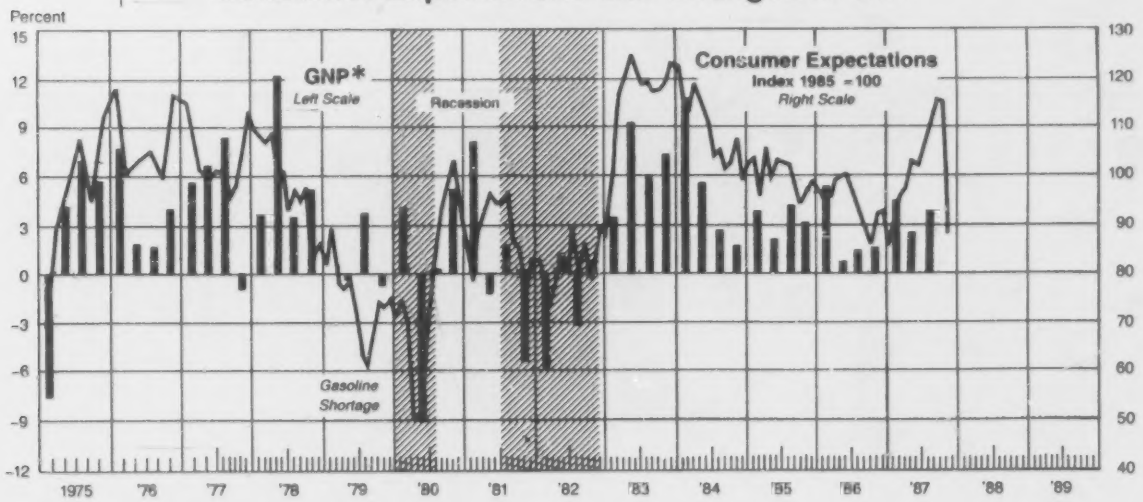
The historic plunge in Wall Street prices was bound to shake consumer confidence. But the damage, thus far at least, appears to be less formidable than might have been expected. A decline of some 18% in the Index is quite substantial, but the drop was from a 15-year high. Even with the sharp drop, consumer confidence is still higher than it was at the beginning of the year. The expectations component of the Index now reads 88.3, compared with 85.6 in January. In short, while consumers' spirits are not nearly as high as they were before the stock crisis, they are still well above what is generally associated with an oncoming recession. The measure of consumer confidence is still reasonably reassuring.

Buying plans also compare well with the readings earlier this year. Interest in cars is down moderately, but even before the crash, auto sales were expected to soften. Intentions to purchase homes and major appliances are roughly the same today as they were in the initial quarter of the year.

Finally, in the recent November survey, consumers were asked to indicate how much they plan to spend on Christmas gifts this year. They were given a number of response options, ranging from "less than $100" to "over $1,000." Responses averaged out at about $380, which is almost precisely the same figure as recorded in an identical survey conducted by the Board in November 1986.

Fabian Linden

Consumer Expectations and Changes in GNP



* Quarterly changes in real GNP at annual rates.

U.S. Department of Commerce; NFO Research Inc.; The Conference Board.

Consumer Expectations and Intentions

Based on surveys conducted by NFO Research, Inc.

Percentage of all households = 100%

All series seasonally adjusted	1986 Nov.	1986 Dec.	1987 Jan.	1987 Feb.	1987 Mar.	1987 Apr.	1987 May	1987 June	1987 July	1987 Aug.	1987 Sep.	1987 Oct.(r)	1987 Nov.(p)
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	89.7	93.2	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	96.3
Present Situation	86.2	94.7	85.0	91.9	94.2	92.7	99.1	107.9	106.2	115.6	120.5	124.4	108.3
Expectations	92.0	92.2	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	88.3
Buying Plans Index	93.0	103.6	98.9	93.1	98.7	89.7	113.4	94.5	96.0	96.5	108.7	104.9	91.6
Appraisal of Present Situation: Percent													
Business Conditions													
Good	23.8	24.7	20.9	24.8	24.0	23.3	25.2	28.9	26.1	28.5	29.9	30.9	24.9
Bad	27.0	25.1	28.1	26.1	26.4	24.7	24.6	22.7	22.9	20.3	19.4	19.4	21.5
Normal	49.2	50.2	51.0	49.1	49.6	52.0	50.2	48.4	51.0	51.2	50.7	49.7	53.6
Employment													
Jobs plentiful	18.7	20.9	19.6	20.8	21.9	20.5	21.9	25.1	24.6	27.0	27.8	28.5	25.2
Jobs not so plentiful	46.2	46.8	46.2	45.1	45.6	46.7	47.9	44.3	46.1	45.3	46.1	47.4	46.3
Jobs hard to get	35.1	32.3	34.2	34.1	32.5	32.8	30.2	30.6	29.3	27.7	26.1	24.1	28.5
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	19.0	18.3	16.0	19.0	18.2	18.8	20.8	18.5	19.6	22.0	24.2	23.7	17.6
Worse	10.2	10.7	11.1	10.2	9.1	7.3	7.8	9.3	7.4	7.2	7.2	8.1	12.5
Same	70.8	71.0	72.9	70.8	72.7	73.9	71.4	72.2	73.0	70.8	68.6	68.2	69.9
Employment													
More jobs	15.4	14.8	12.6	14.7	14.9	16.5	17.7	16.1	17.5	20.1	20.9	19.3	15.2
Fewer jobs	19.6	18.4	19.0	19.7	15.6	15.6	14.1	16.0	14.6	15.3	14.2	13.8	19.9
Same	65.0	66.8	68.4	65.6	69.5	67.9	68.2	67.9	67.9	64.6	64.9	66.9	64.9
Income													
Increase	24.0	25.6	21.1	24.6	24.5	23.3	24.1	23.7	26.1	26.5	29.5	28.7	25.3
Decrease	8.8	8.6	8.4	8.3	8.1	8.3	6.6	7.4	6.6	7.5	5.8	7.3	9.3
Same	67.2	65.8	70.5	67.1	67.4	68.4	69.3	68.9	67.3	66.0	64.7	64.0	65.4
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	7.6	7.9	7.4	7.8	7.5	7.2	9.0	7.9	7.7	7.1	8.8	8.5	7.2
New	3.8	4.6	3.4	4.0	4.0	4.3	4.2	3.3	4.8	3.6	3.8	4.2	3.5
Used	2.7	2.6	2.6	2.9	2.8	2.2	3.6	3.1	2.1	2.9	3.5	3.0	2.6
Uncertain	1.1	0.7	1.4	0.9	0.7	0.7	1.2	0.6	0.8	0.6	1.5	1.3	1.1
Home													
Yes	3.1	4.3	4.4	3.1	4.1	3.2	4.1	3.3	3.6	4.1	3.9	3.9	3.1
New	1.1	1.1	1.5	1.1	1.4	0.7	1.3	0.9	0.8	1.4	1.2	1.1	0.9
Lived in	1.6	2.1	1.9	1.3	2.0	1.7	1.8	1.5	2.1	1.8	1.8	1.7	1.8
Uncertain	0.4	1.1	1.0	0.7	0.7	0.8	1.0	0.9	0.7	0.9	0.9	1.1	0.4
Major appliances													
Total plans	28.7	30.8	28.5	29.1	29.1	27.4	36.3	29.4	29.8	30.5	32.5	32.0	28.9
Refrigerator	4.8	4.4	5.3	5.2	4.6	4.0	5.6	4.7	4.6	4.5	5.1	4.7	4.1
Washing machine	4.3	4.4	4.2	3.8	4.3	3.6	4.8	3.9	4.4	4.1	5.4	4.8	3.9
TV Set	6.9	7.8	6.8	7.7	7.1	6.5	9.2	7.4	7.8	7.2	7.5	7.5	7.6
Vacuum Cleaner	4.8	5.6	4.3	4.8	5.5	5.2	6.4	4.6	4.8	5.0	5.6	5.3	5.2
Range	3.2	3.2	3.0	2.8	2.5	3.3	3.9	2.9	3.2	3.3	2.9	3.6	3.0
Clothes dryer	3.4	3.7	3.3	3.3	3.7	3.0	4.1	3.8	3.2	3.6	3.7	4.0	3.3
Air conditioner	1.3	1.7	1.6	1.5	1.4	1.8	2.3	2.1	1.8	2.8	2.3	2.1	1.8
Carpet	6.9	7.7	7.7	7.0	8.2	6.0	10.0	7.3	7.0	6.0	8.3	6.7	6.8
Vacation Intended Within Six Months: Percent													
Vacation Intended		49.5		50.9		49.4		49.7		52.0		54.3	
Destination													
Home state		10.1		11.5		10.2		9.7		10.1		12.0	
Other state		34.0		35.2		34.2		35.7		36.9		36.3	
Foreign country		6.6		5.9		6.8		6.6		6.8		7.8	
Means of travel													
Automobile		30.3		33.2		29.8		30.7		30.6		32.7	
Airplane		18.9		18.4		19.5		20.9		21.3		20.7	
Other		3.7		4.3		4.6		3.7		4.2		4.4	

(p)—preliminary (r)—revised

Not seasonally adjusted	1986 Nov.	1986 Dec.	1987 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct (r)	Nov.(p)
Inflation, Interest Rates, Stock Prices Expectations for 12 Months Hence: Percent													
Inflation Rate													
Average										4.4	4.3	4.4	4.4
Interest Rates								71.6	64.8	63.9	73.9	75.0	54.4
Higher								18.3	25.4	24.0	18.4	17.2	23.2
Same								10.1	9.8	12.1	7.7	7.8	22.4
Lower													
Stock Prices								43.6	46.3	45.5	41.4	39.9	32.8
Increase								34.9	36.9	33.0	31.4	31.0	27.4
Same								21.5	16.8	21.5	27.2	29.1	39.8
Decrease													

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers: 1985 = 100	1986 Nov.	1986 Dec.	1987 Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.(r)	Nov.(p)	3 mos. Percent Change*
TOTAL U.S.														
Consumer Confidence Index	89.7	93.2	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	96.3	2.7
Present Situation	86.2	94.7	85.0	91.9	94.2	92.7	99.1	107.9	106.2	115.6	120.5	124.4	108.3	7.1
Expectations	92.0	92.2	85.6	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	88.3	-0.5
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	92.3	99.0	91.1	94.9	107.2	102.3	107.5	112.0	114.5	111.2	120.7	122.3	105.7	3.3
35-54	95.6	95.7	93.0	99.0	97.0	102.3	105.1	107.9	108.0	115.7	120.0	113.9	98.2	0.2
55 and over	79.6	83.3	72.0	79.0	82.5	85.8	93.8	87.1	93.8	102.7	102.5	107.2	85.3	4.0
Present Situation														
Under 35	89.5	96.7	92.2	93.2	108.8	94.4	99.1	115.8	111.4	116.9	126.3	130.6	115.6	8.2
35-54	93.9	98.0	96.3	105.2	98.5	100.5	100.6	115.0	108.7	121.6	128.2	123.6	103.5	2.9
55 and over	76.4	90.2	70.2	78.6	81.1	84.7	97.7	97.0	101.1	108.7	106.7	120.0	108.4	9.2
Expectations														
Under 35	94.1	100.7	90.4	95.9	106.3	107.6	113.1	109.4	116.6	107.4	117.0	116.7	99.1	-0.2
35-54	96.8	94.0	90.9	95.4	96.1	103.6	108.1	103.2	107.6	111.8	114.4	107.4	94.7	-1.8
55 and over	81.8	78.5	73.2	79.3	83.4	86.6	91.1	80.4	89.0	98.7	99.7	98.5	69.8	0.0
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	69.9	71.5	64.5	77.2	78.5	74.1	84.3	80.6	86.3	78.3	88.0	87.1	71.9	0.7
$15,000-24,999	88.3	93.2	78.9	87.8	87.8	90.0	99.0	98.5	92.6	100.4	106.2	113.8	90.9	6.6
$25,000 and over	102.5	106.5	100.7	102.7	108.9	114.4	115.4	117.9	123.4	130.3	131.8	128.6	111.9	0.2
Present Situation														
Under $15,000	53.5	63.0	51.1	67.3	58.9	57.3	66.5	76.2	79.3	74.9	77.4	82.5	74.3	1.7
$15,000-24,999	79.3	89.7	72.4	78.6	82.8	76.2	91.2	100.5	87.7	96.0	109.7	119.0	94.7	13.8
$25,000 and over	109.5	117.7	112.0	113.3	120.6	121.8	122.4	132.8	132.6	143.1	145.5	146.3	132.8	3.9
Expectations														
Under $15,000	81.0	77.4	73.0	83.0	90.5	85.1	96.4	83.6	91.2	80.7	95.5	90.5	70.4	0.3
$15,000-24,999	94.4	95.6	83.1	93.2	91.0	99.1	104.2	97.2	96.0	103.6	103.9	110.4	88.3	1.9
$25,000 and over	97.4	98.7	93.7	96.3	101.8	109.6	110.7	107.7	117.1	121.8	122.4	116.5	97.9	-2.8

***Percent Change: average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.**

THE REGIONS

Seasonally unadjusted Index numbers:1985 = 100	1986 Nov.	1986 Dec.	1987 Jan.	1987 Feb.	1987 Mar	1987 Apr.	1987 May	1987 June	1987 July	1987 Aug.	1987 Sep.	1987 Oct.(r)	1987 Nov.(p)	Avg. Sept., Oct., Nov. 1986	Avg. Sept., Oct., Nov. 1987	Percent Change*
NEW ENGLAND																
Consumer Confidence Index	150.5	142.7	155.3	154.9	152.8	137.3	150.5	155.8	156.6	152.7	158.5	160.0	144.4	142.4	154.3	8.4
Present Situation	199.6	195.8	192.6	199.9	191.2	180.4	192.6	201.5	206.9	207.1	209.4	208.7	197.1	189.0	205.0	8.5
Expectations	117.6	107.2	130.5	125.0	127.2	108.5	122.5	125.4	123.0	116.5	124.6	127.6	109.3	111.3	120.5	8.3
MIDDLE ATLANTIC																
Consumer Confidence Index	98.0	100.0	86.9	92.9	95.9	102.3	98.8	104.6	113.5	107.0	117.9	124.0	98.8	94.6	113.6	20.1
Present Situation	102.3	107.7	94.2	92.3	95.9	104.5	109.4	123.4	130.5	121.5	139.9	152.2	118.7	102.8	136.9	33.2
Expectations	95.2	94.9	82.0	93.4	95.9	100.8	91.7	92.1	102.1	97.3	103.3	105.2	85.5	89.1	98.0	10.0
EAST NORTH CENTRAL																
Consumer Confidence Index	77.8	72.5	68.6	77.7	85.9	79.4	86.4	83.3	87.3	91.6	102.9	103.8	83.4	73.1	96.7	32.3
Present Situation	73.9	76.6	61.0	72.4	77.7	73.1	79.8	98.8	86.5	102.3	111.7	116.0	92.8	72.4	106.8	47.6
Expectations	80.4	69.6	73.6	81.2	91.4	83.6	90.8	73.0	87.9	84.5	97.0	95.6	77.1	73.6	89.9	22.2
WEST NORTH CENTRAL																
Consumer Confidence Index	60.3	59.9	56.5	61.9	62.4	65.4	77.6	78.3	70.1	75.8	92.2	89.6	74.0	53.0	85.3	61.0
Present Situation	44.2	43.3	40.9	51.1	38.9	40.0	54.0	72.8	55.5	59.1	91.5	94.8	74.1	43.7	86.8	98.4
Expectations	71.1	70.9	66.9	69.0	78.1	82.4	93.3	82.0	79.9	86.9	92.7	86.1	73.9	59.1	84.2	42.5
SOUTH ATLANTIC																
Consumer Confidence Index	125.1	125.0	125.2	124.9	130.6	133.1	135.5	125.5	134.7	136.7	141.2	147.6	125.5	125.9	138.1	9.7
Present Situation	143.5	146.3	139.6	140.8	154.9	157.4	154.3	147.4	156.9	162.1	168.8	176.1	162.6	146.6	169.2	15.4
Expectations	112.8	110.8	115.6	114.3	114.4	117.0	122.9	110.9	119.8	119.8	122.9	128.6	100.8	112.1	117.4	4.8
EAST SOUTH CENTRAL																
Consumer Confidence Index	76.8	74.9	75.0	65.7	95.3	87.8	86.9	88.0	87.6	93.7	94.8	98.2	88.7	80.0	93.9	17.3
Present Situation	63.9	69.0	62.0	63.8	72.8	61.8	71.8	78.0	74.5	71.6	78.0	89.3	86.8	65.4	84.7	29.4
Expectations	85.4	78.9	83.7	100.2	110.3	105.1	96.9	94.8	96.3	108.4	106.0	104.2	90.0	89.8	100.1	11.5
WEST SOUTH CENTRAL																
Consumer Confidence Index	52.5	56.2	57.1	63.0	59.3	63.1	65.7	70.5	71.2	77.3	82.6	78.3	71.3	53.6	77.4	44.4
Present Situation	12.7	22.6	12.0	10.8	16.7	9.8	13.4	23.6	19.6	26.2	28.3	26.1	32.5	16.9	28.9	71.4
Expectations	79.0	78.6	87.2	97.8	87.7	98.7	100.6	101.9	105.7	111.4	118.8	113.1	97.2	78.1	109.7	40.5
MOUNTAIN																
Consumer Confidence Index	79.0	71.5	71.4	70.6	76.2	78.3	86.1	83.8	74.8	84.2	102.8	101.4	73.0	77.5	92.4	19.3
Present Situation	56.7	50.3	62.4	39.4	49.4	44.8	55.6	58.4	49.6	60.0	82.6	93.4	60.2	61.7	78.7	27.7
Expectations	93.8	85.7	77.5	91.4	94.1	100.6	106.4	100.7	91.6	100.3	116.3	106.8	81.6	83.1	101.6	15.3
PACIFIC																
Consumer Confidence Index	106.8	96.9	103.2	110.6	107.1	105.2	106.5	112.3	114.7	124.0	125.1	125.3	122.6	104.7	124.3	18.7
Present Situation	108.8	103.6	103.3	108.5	101.0	105.5	112.9	133.2	132.2	147.1	149.0	151.4	151.2	115.2	150.5	30.7
Expectations	105.4	92.4	103.1	112.1	111.1	105.0	102.3	98.4	103.0	108.6	109.1	107.9	103.6	97.8	106.9	9.3

To combine the survey results of two or more regions the following "weights" should be used. The figures shown represent the distribution of the nation's household population. New England: 5.6, Middle Atlantic: 15.9, East North Central: 17.6, West North Central: 7.6, South Atlantic: 17.1, East South Central: 6.1, West South Central: 10.9, Mountain: 5.1, Pacific: 14.1.

***Percent Change: average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**